

Affordable Homeownership Options
Orange County Resource Guide



Sponsored by:

The Enterprise Foundation

***The U.S. Department of Housing and
Urban Development***

***Housing and Community Development
Department, County of Orange***

Special thanks to:

Fofie Perkins

Anthony Ababon

Virginia Chan

MISSION

Owning your own home is a goal that requires careful preparation and good information. This booklet is designed to serve agencies and homebuyers with a convenient reference guide to Affordable Housing Option programs in the 33 cities within Orange County. An income chart for calculating income eligibility appears at the end of the guide, along with a glossary.

The Enterprise Foundation was founded in 1982, on the belief that decent, affordable housing is fundamental to the ability of low-income people to become self-sufficient. Enterprise is a national nonprofit organization that assists community-based organizations and local governments in improving poor neighborhoods by providing low-interest loans, grants and equity to finance affordable housing; linking residents to human services; and training people to be effective community leaders. The Foundation is committed to helping communities form public/private partnerships to solve the problems they face.



ANAHEIM

*Bertha Chavoya
Housing Manager
Community Development Department
Housing and Neighborhood Preservation
201 S. Anaheim Blvd., 2nd floor
Anaheim, CA 92805
(714) 254-4340 x4836*

*Phyllis Mueller
Neighborhood Development Coordinator
Community Development Department
tel.: x4351*

*Linda Padilla Smyth
Special Housing Projects Coordinator
Community Development Department
tel.: x4328*

*Agencies:
Community Development Department*

Mortgage Credit Certificates

Buyers citywide earning under 120 percent of median income, who haven't owned property during the last three years, can qualify to reduce the tax they owe by the amount of five percent of their annual mortgage interest payments. The maximum purchase price is \$204,937 for an existing house and \$229,883 for a new property.

Contact Rick Hemingway (714) 765-4340 x4890 or Jeanne Johnson x4888

Single-family Rehab Loan Program

Funded by CDBG, this program makes three percent loans up to \$60,000 to homeowners with income under 80 percent or up to 120 percent of area median income if building code violations exist. To be eligible, the property must be owner-occupied, and the owner must have sufficient equity to cover the amount of the loan. Loan payments may be deferred for seniors and some families, depending on need. Preference is given to residents of the six CDBG Neighborhood Council areas.



Rebate Program

Homeowners who earn less than 80 percent of the median income and live in one of the Neighborhood Preservation CDBG target areas are eligible for 30 percent cash rebates of up to \$5,000 to make home improvements. Homeowner must apply within 90 days of completing the work. The city inspector inspects the property, verifies that it is owner-occupied and that the owner is income-eligible.

Second Mortgage Assistance Program

Funded by tax increment funding, five percent/30-year loans of \$25,000 or 15 percent of the purchase price to buyers (whichever is lesser) are available to buyers in any of the six CDBG Neighborhood Council areas whose income is under 120 percent of median. Buyer cannot own another property at the time of purchase and must occupy the home as a principal residence. In addition, buyer must put up five percent of the purchase price.

HOME funds are used to make similar loans up to \$35,000 to buyers with income under 80 percent of median purchasing anywhere in the city. Interest is three percent, down-payment is three percent, and buyer must not have owned property in previous three years. Payments are deferred until property is sold or end of loan term, whichever comes first. However, there are currently no funds available for this program in the 2000-2001 fiscal year.

Housing Counseling Agency

HUD Certified. On December 29, 1998, the Anaheim Housing Authority was designated as a HUD-approved Local Housing Counseling Agency (LHCA). The objective of the agency is to provide comprehensive housing counseling, education, and outreach to potential homebuyers, homeowners, and renters. Further, the agency will assist existing homeowners in dealing with default and foreclosure.

Police Residence Assistance Program

This program was designed to encourage Anaheim

police officers to reside in Anaheim by providing financial assistance in the form of a one-time, no interest, forgivable loan by the city. This loan is used toward the purchase of a principal residence within the city of Anaheim. Maximum loan amount is \$10,000, reduced at the rate of \$1,000 per year and forgiven in 10 years, so long as the police officer remains on active status with the Anaheim Police Department and the property remains as the principal residence. Income limits do not apply.

Homeowner Stabilization Program

This program is offered for properties located in the downtown area of Anaheim, located within the Redevelopment "Alpha Project" area, and bounded by Cypress, Broadway and Harbor Boulevard. The purpose of this program is to assist in providing homeownership opportunities and the rehabilitation of the existing housing in the designated area.

Neighborhood Preservation and Revitalization

Several identified neighborhoods required a comprehensive revitalization/improvement plan. This plan facilitates improvements in these neighborhoods by providing assistance to tenants and owners in the form of improved on-site management, relocation of tenants in overcrowded apartment units, rehabilitation of housing units, and infrastructure improvements.

Historic Preservation

The city of Anaheim offers financial incentives that may help owners of older homes repair and restore their properties. These include low interest rehabilitation loans and homebuyer programs. The city Council will consider approving a Mills Act program, which will provide property tax reductions to owners of historic homes who maintain/restore/rehabilitate their properties to the US Secretary of Interior's Standards.

BREA

*Eric Nicoll
Redevelopment Services Manager
Brea Redevelopment Agency
1 Civic Center Circle
Brea, CA 92821
(714) 671-4421*

*Program contact person:
Kimberly McAllen, Redevelopment Analyst
(714) 671-4425*



Mortgage Credit Certificates

The city participates with the county of Orange for the Mortgage Credit Certification Program.

MRB

See Orange County program description.

Homebuyer Assistance Program

The Homebuyer Assistance Program provides no-interest second mortgages for low- and moderate-income buyers.

The buyer is not required to be a first-time homebuyer, but cannot own another home when they purchase a home under the program. The buyer must also be able to pay at least five percent of the purchase price towards the down-payment and related closing-costs (a minimum of \$7,500 - \$10,000). The buyer's income must not exceed 120 percent of the Orange County annual median income, as calculated annually by HUD, and the buyer's liquid assets can not exceed \$44,000.

The program is available citywide, for single-family homes, townhouses, and condominiums. The term of the loan is 30 years. No payments are made for the first five years of the term, fixed monthly payments of principal are made for the next 15 years, and no payments are made for the last 10 years. Instead of charging interest on the loans, the Agency shares in the equity of the property.

The loan is due when the property is resold, the house is no longer owner-occupied, the house is refinanced

for more than the current first mortgage balance, or there is a transfer of ownership.

Senior Subsidy Program

This program provides a subsidy of approximately \$180* a month to seniors to help pay for housing related costs.

**As of 7/12/2000. Figures are adjusted annually.*

Home Improvement/Rehabilitation Loan Program for Single-Family and Multi-Family Properties

Low-interest loans are available to very-low and low-income homeowners for improvement and rehabilitation expenses made on single-family homes, condominiums, townhouse, mobile homes, and apartment complexes.

To be eligible for this program, the owner's or tenant's income may not exceed 80 percent of the area median income.

The maximum loan amount is \$35,000 for single family properties. The minimum interest rate is zero percent, but is adjusted upwards depending on income level, not to exceed three percent, or six percent below the prime interest rate. For zero percent interest loans the term is 30 years, 15 years for all other loans. Any unpaid loan balance is due and payable at the transfer of title.

Residential Rehabilitation Rebate Program for Focus Neighborhoods.

Cash rebates are available for homeowners to assist with certain eligible repairs. The owner's income must fall within the HUD lower income limits to be eligible.

The maximum rebate amount is \$15,000. 50 percent rebate for households up to 120 percent of county median income. Seventy-five rebate for households up to 50 percent of county median income. This program can be used in conjunction with the city's Home Improvement/Rehabilitation Loan Program..

Rebates are available to owners of single family homes, townhouses and condominiums located within the city's designated Enhancement Neighborhoods.



BUENA PARK

*Economic Development Department
6650 Beach Blvd., Building 8
Buena Park, CA 90621
(714) 562-3589*

Home Improvement/Rehabilitation Loan Program

Low-interest home improvement loans for low- and moderate-income homeowners.

To be eligible, the owner's income must not exceed 80 percent of the area median income.

The maximum loan amount is \$32,000, which the owner pays off at 4.25 percent interest rate monthly, for up to 15 years. The owner can defer the loan for the length of the term (up to 15 years) if income is under 65 percent of area median income and payment is a hardship. If the loan is deferred, payment is due upon sale of the property, with a five percent interest rate charged on the loan.

Residential Rehabilitation Rebate Program

Cash rebates helping homeowners with health and safety repairs.

To be eligible, the owners' income must not exceed 80 percent of the area median income. If the owners' income is 65 percent-80 percent of the area median, a rebate is awarded that covers 30 percent of the price spent on rehabilitation. If the owners' income is below 65 percent of the area median, a rebate is awarded that covers 40 percent of the price spent on rehabilitation. The rebate, however, must not exceed \$5,000.

Rebates are available throughout Buena Park, on single-family, attached or detached homes, townhouses, and condominiums.

First-time Homebuyer Program

The first-time homebuyer program provides up to 20 percent of the purchase price.

To be eligible, the buyers' income must not exceed 80 percent of the area median income. The purchase price must not exceed \$219,849 (for a single-family dwelling) and the buyers must provide three percent of the purchase price.



The maximum loan amount is \$30,000, which is paid back at five percent interest over a period of up to 30 years. Loan is repaid when the borrower sells or transfers title of ownership.

Emergency Grant Program

Grants for homeowners with major defects in their homes, that pose an immediate hazard.

To be eligible, the owners' income cannot exceed 50 percent of the area median income. The maximum grant amount is \$10,000.

COSTA MESA

*Housing and Community Development/
Redevelopment Agency
77 Fair Drive
Costa Mesa, CA 92626
(714) 754-5635*

Mortgage Credit Certificates

Contact Alma Penalosa (714) 754-5692

Rehabilitation Loan Program

Enables homeowners to defer loans providing assistance with rehabilitation expenses.

To be eligible, the owners' income must not exceed 80 percent of the area median income.

The maximum loan amount is \$25,000; the interest rate is zero to four percent depending on income. The maximum term length is 15 years. The loan may be deferred until the house is sold or transferred for zero percent interest loans, or the loan may be amortized up to 15 years for four percent loans.

Contact Paul Miller (714) 754-5094.

Rehabilitation Grant Program

Grants helping homeowners with house repairs.

To be eligible, the owners' income must not exceed 60 percent of the area median income, and the house requiring repair must be the homeowners' principal residence.

The maximum grant amount is \$3,500.

Contact Paul Miller (714) 754-5049.

First-time Homebuyer Program

Down-payment assistance up to \$35,000 for first-time homebuyers with incomes up to 120 percent of the Orange County median income.

Contact Alma Penalosa (714) 754-5678.

Acquisition/Rehabilitation or Homeownership Programs

The city and ROA have 20 percent set aside, plus HOME funds available, for affordable housing development. Current priorities are for homeownership programs.

Contact Muriel Ullman (714) 754-5167.

Rental Rehabilitation Programs

Deferred loans for rental rehabilitation.

The interest rate is four percent. Payments are due upon transfer of ownership.

Contact Eric Berg (714) 754-5023.

CYPRESS

City of Cypress Redevelopment Agency

Mr. Steven Clarke, Housing Coordinator

5275 Orange Avenue

Cypress, CA 90630

(714) 229-6728 (714) 229-0154 fax

sclarke@ci.cypress.ca.us

Mortgage Credit Certificates

Mortgage Credit Certificates are awarded by the county. Please contact Affordable Housing Applications Inc. (800) 591-3111 for more information.

Home Equity Loan Program (HELP I)

The HELP I program provides loans to first-time homebuyers to help with the down-payment, including a portion of non-recurring closing-costs.

To be eligible, the applicants' income must not exceed

120 percent of the area median income. The home must be a single-family, attached or detached residence, including townhouses and condominiums, within the city of Cypress. The applicant may not have owned a home in the past three years, and must occupy the home as a principal residence. The applicant cannot have liquid assets in excess of \$50,000, and must provide a minimum down-payment equal to at least 2.5 percent of the purchase price.

The Cypress Redevelopment Agency offers up to \$25,000 to eligible applicants in the form of a deferred, 30-year loan. The loan is deferred for the first five years at either zero percent or three percent interest rate. At the beginning of the sixth year, the loan becomes fully amortized at either five percent or three percent interest rate for the remaining 25 years. Immediate repayment is due upon sale, transfer of title, or certain refinances.

Cypress Redevelopment Agency
Home Equity Loan Program
5275 Orange Avenue
Cypress, CA 90630

Home Enhancement Loan Program (HELP II)

HELP II is a home improvement assistance program serving low- and moderate-income homeowners in Cypress.

To be eligible, the owners' income must not exceed 120 percent of the Orange County median income. The owner may not have liquid assets in excess of \$50,000, nor may the homeowner have debts that exceed 100 percent of the home's value at the time of application. The home must be a single-family detached residence within the city limits of Cypress. The homeowner must be the legal owner, and occupy the property as a principal residence.

Eligible improvements are those that address health, safety, and general welfare, or those that promote "curb appeal" and enhance community property values.



The Cypress Redevelopment Agency offers up to \$20,000 in the form of a 15-year deferred loan. Repayment is due in one lump sum upon sale of property, transfer of title, or at the end of the term (15 years), whichever comes first.

Lower-income homeowners are eligible to qualify for up to \$10,000 in the form of a 10-year, forgivable loan, wherein the principal is annually reduced by 10 percent and forgiven by the tenth year

*Cypress Redevelopment Agency
Home Enhancement Loan Program
5275 Orange Avenue
Cypress, CA 90630*

DANA POINT

There are currently no homeownership programs offered by the city of Dana Point.

See Orange County for other homeownership programs that may apply in this city.

FOUNTAIN VALLEY

*Housing Department
10200 Slater Avenue
Fountain Valley, CA 92708
(714) 593-4428*

Mortgage Credit Certificates

See Orange County for program information.

Mortgage Revenue Bonds

See Orange County for program description.

Home Equity Loan Program (HELP)

Deferred payment, low-interest loans for down-payment and closing-costs to moderate-income homebuyers.

To be eligible, the maximum buyers' income may not exceed 120 percent of the area median income. In addition, the buyers' maximum household savings may



not exceed \$25,000. The buyer must not have owned a home in the past three years, and the property must be occupied by the buyer as a principal residence. The buyer must also be able to contribute the greater of three percent of the purchase price or 50 percent of the lender-required down-payment.

The maximum loan amount is \$45,000. The maximum term length is 30 years. Payments can be deferred for 10 years.

Home Improvement/Rehabilitation Loan and Grant Program

Loans and grants are available to homeowners for home improvement and rehabilitation expenses. Income limits apply to all home improvement programs.

To be eligible, the owners' maximum income can not exceed 80 percent of the area median income.

The maximum loan amount is \$45,000, repaid in monthly installments at three percent interest rate for the balance of the loan amount, or deferred until the property is sold or the loan term ends. The maximum length of the loan term is 30 years. The maximum grant amount is \$5,000.

These figures were updated in July 2000. Terms and eligibility for the affordable-housing programs in Fountain Valley will be amended later in the year. For additional information, please contact Brent Hoff (714) 593-4428.

FULLERTON

Community Development Department
303 West Commonwealth
Fullerton, CA 92832
(714) 738-6874

Mortgage Credit Certificates

Contact Linda Morad (714) 738-6878 regarding the status of the MCC program.

Home Improvement Loan and Grant Program

Loans and grants are available to homeowners for home improvement and rehabilitation expenses.

To be eligible for a grant, the maximum owners' income may not exceed 50 percent of the area median income. To be eligible for a loan, the maximum owners' income may not exceed 80 percent of the area median income.

The maximum grant amount is \$5,000. The maximum loan amount is \$35,000. The interest rate on bank loans is a fixed rate not to exceed six percent, repaid in small monthly installments. Loans may be deferred for 15 years or until property is sold or transferred, in which case the interest rate on the loan is zero percent. The maximum term length is 15 years.

Down-payment Assistance Program (DAP)

Zero percent interest rate deferred loans for moderate-income first-time homebuyers are available to reduce first mortgage amount.

To be eligible, the maximum buyers' income may not exceed 70 percent of the area median income and the buyer must contribute a minimum of three percent of the purchase price. The buyer must occupy the property as a principal residence, and may not have owned a home in the last three years, unless he or she is a single parent or displaced homemaker. The buyer must also attend homebuyer counseling and training sessions.

The maximum loan amount is \$45,000 at zero percent interest rate. Repayment is deferred for the first 15 years. Over the next 15 years, principal monthly payments are made.

GARDEN GROVE

Community Development Department
Neighborhood Improvement Division
11222 Acacia Parkway
Garden Grove, CA 92642
(714) 741-5140

Mortgage Credit Certificate

Contact Hilda Veturis (714) 741-5118 or Affordable Housing Application Inc. (800) 591-3111 for information regarding affordable housing funds. Currently, there are no funds available for this program.

Mortgage Revenue Bonds

See Orange County for program description. There are no current funds available for this program.

First-Time Homebuyer Assistance Program

There are currently no funds available for this program. Updates are provided on the Homebuyer Hot Line at (714) 741-5115.

Home Improvement Loan Program

Zero percent interest loans to homeowners for interior/exterior home improvements.

There are currently no loans available.

FreshRate Program

The FreshRate Program is not a city-funded program. Instead, the Independent Cities Lease Finance Authority (CLFA) and the Independent Cities Association (ICA) sponsor this program. This program offers four percent down-payment and closing-cost assistance through loans by independent lenders. The buyer does not have to be a first-time homebuyer, but the buyer's income can not exceed 120 percent of the state or county median family income (whichever is greater). There are also property location requirements.

For more information regarding the FreshRate Program, contact:

Housing and Community Department
11222 Acacia Parkway, P.O. Box 3070
Garden Grove, CA 92842
(714) 741-5000

HUNTINGTON BEACH

*Community Development
2000 Main St.
Huntington Beach, CA 92648
(714) 536-5542*

*Economic Development, Redevelopment, Housing and
Business Development
2000 Main St.
Huntington Beach, CA 92648
(714) 536-5542*



Mortgage Credit Certificate Program

*For more information, contact the Orange County
MCC Program (800) 591-3111.*

Mortgage Revenue Bonds

See Orange County for Program description.

Housing Rehabilitation Loan Program

The city of Huntington Beach offers housing rehabilitation loans to low- and moderate-income residents to help maintain the quality and safety of their housing. Funds can be used to correct code problems and for general property improvements.

Owners of single family homes can borrow up to \$25,000 at interest rates as low as 3% below the current market rate rounded down to the nearest half-point. For example, if the current interest rate were 8.35%, the city's lowest loan rate would be five percent. Owners of mobile homes, condominiums, or townhomes can borrow up to \$15,000. On loans to low-income homeowners, payment can be deferred until the home is sold or transferred. Moderate-income borrowers are required to make monthly payments. To address specific health and safety-related emergency household repairs, low-income homeowners may be able to receive a one-time grant up to \$500.

Owners of apartment buildings may be able to borrow up to \$15,000 per unit to correct code deficiencies, repair damage, and make improvements to either the building or grounds. The residents must

be low-income and the amount charge for rent must fall within certain affordability guidelines.

For more information about the Housing Rehabilitation Loan Program, call the Economic Development Department at (714) 536-5542.

Inclusionary Housing Program

The city of Huntington Beach has an inventory of approximately 280 homes that were built and sold at below market prices to moderate-income households. These homes have covenants recorded on title ensuring that affordability restrictions will remain in effect for a period of 30 years. Although there are no new homes currently available for sale under this program, from time to time, existing homes are resold. The following communities in Huntington Beach were developed under the Inclusionary Housing Program:

Cape Ann (146 homes), Promenade (80 homes), Greystone Keys (23 homes), Pacific Landing (5 homes) Pacific Park Villas (25 homes)

When any of the above homes are sold, the city establishes the maximum sales price and requires that the home be sold to a qualified buyer. The maximum sales price is calculated at a level considered affordable to a moderate-income household.

To determine if homes are currently for sale, contact a local Realtor.

IRVINE

Mortgage Credit Certificates

Contact the MCC Program Coordinator (714) 263-8676, or Affordable Housing Applications Inc. (800) 591-3111, to obtain an application for the MCC program.

LA HABRA

*La Habra Department of Planning
201 East La Habra Blvd.
La Habra, CA 90631
(562) 905-9724*

*La Habra Neighborhood Housing Services
198 West Lincoln Ave.
Anaheim, CA 92805
(714) 490-1250*

The affordable housing programs in La Habra are controlled by the Neighborhood Housing Services of Orange County. Contact Avelina Rosholt (714) 490-1250 with questions or for information.



Mortgage Credit Certificates

Contact Avelina Rosholt (714) 490-1250 for information on how to register for the two-day class required to gain eligibility for the MCC program.

Family Fund-Second Mortgage Program

100 percent financing of low-interest second mortgages for first-time homebuyers for down-payment and closing-cost assistance administered by La Habra Neighborhood Housing Services of Orange County.

To be eligible, the maximum household income may not exceed 100 percent of the area median income. In addition, the buyer must provide three percent of the closing-cost. Furthermore, the buyer must not have owned a residential property in the past three years unless he or she is a single parent with custody or joint custody of minors, or a displaced homemaker. The buyer must occupy the property as a principal residence, and must attend a first-time homebuyer seminar. The property may be located anywhere in Orange County, but preference is given to properties in La Habra NHS target neighborhoods.

The maximum loan amount is the lesser of 22 percent of the purchase price or \$40,000. The buyer must contribute a minimum of three percent of the purchase price. Interest rate is 6.75 percent. The maximum term length is 30 years.



Affordable Housing Loan Grant

Forgivable loans to first-time homebuyers to reduce down-payment and closing-costs. Administered by La Habra NHS of Orange County.

To be eligible, the maximum household income may not exceed 80 percent of the area median income. The buyer must be a first-time homebuyer, and the property must be located in a targeted neighborhood. The property must be occupied as the buyer's principal residence. The buyer must also complete a credit counseling course. Loans are made through participating lenders.

The maximum loan amount is \$5,000. At zero percent interest rate, one-thirtieth of the loan is forgiven each year. The unforgiven portion is due when the property is sold or transferred. Or, at 20 percent interest rate, one-fifth of the loan is forgiven each year. The maximum term length is 30 years.

LA PALMA

Mortgage Credit Certificates

Contact Laurie Pernas (714) 834-6009 to obtain a reservation letter for the MCC program.

LAGUNA BEACH

Laguna Beach currently does not provide affordable-housing programs in the city. However, programs to help seniors meet housing-related payments are organized by various nonprofit organizations in Laguna Beach. Contact the Community Services Department (949) 497-0352 for more information.

LAGUNA HILLS

*Community Development Director
25201 Paseo de Alicia, Suite 150
Laguna Hills, CA 92653
(949) 707-2670*

Mortgage Credit Certificates

Contact the Orange County Housing Department
(714) 480-2900 .

Mortgage Revenue Bonds

See Orange County for program description.

LAGUNA NIGUEL

Steven Higa
Planning Department
27781 La Paz Road
Laguna Niguel, CA 92677
(949) 362-4360

Mortgage Credit Certificates

Contact the Orange County Housing Department
(714) 480-2900 to obtain a reservation letter for the
MCC program.

Mortgage Revenue Bonds

See Orange County for program description.

LAGUNA WOODS

There are currently no homeownership programs
offered by the city of Laguna Woods.

See Orange County for other homeownership pro-
grams that may apply in this city.

LAKE FOREST

Community Development Department
33161 Lake Center Drive, Suite 100
Lake Forest, CA 92630
(949) 461-3460

Mortgage Credit Certificates

Contact Elaine Nagano (949) 461-3471 for informa-
tion regarding the MCC program.

Mortgage Revenue Bonds

See Orange County for program description.



Home Improvement/Rehabilitation Loan Program

Deferred and low-interest loans to owner-occupants for home improvements and repairs.

To be eligible, maximum owner income may not exceed 80 percent of the county median income. The owner must occupy the property as a principal residence. The repairs must be intended to restore the structural integrity of the building. Beautification repairs do not qualify for this program. The owner may not exceed \$75,000 in assets, and the home value can not exceed \$270,000.

The maximum loan amount is \$5,000 for mobile homes and \$10,000 for free-standing houses. If the owner's income is below 50 percent of the County median, loans may be deferred, with no interest rate. The principal is then due when the property is transferred. If the owner's income is greater than 50 percent of the median income, and less than 80 percent, the loan is amortized over 15 years at three percent interest rate.

LOS ALAMITOS

Mortgage Credit Certificates

Contact the County (714) 480-2900 to obtain a reservation letter for the MCC program.

Mortgage Revenue Bonds

See Orange County for program description..

MISSION VIEJO

*Elaine Lister
25909 Pala, Suite 230
Mission Viejo, CA 92691
(949) 470-3029*

Mortgage Credit Certificates

Contact Elaine Lister (949) 470-3053 for information regarding the MCC program.

Single-Family Rehabilitation Low Interest and Deferred Payment Loans

This program offers deferred loans for housing rehabilitation to improve the quality of life for low-income residents.

To be eligible, the property must be owner-occupied and within the city of Mission Viejo. In addition, the owner's income may not exceed 80 percent of the area's median family income, as determined by HUD.

Eligible improvements include those that rectify a safety hazard; heating, cooling, plumbing, septic, re-roofing and electrical repairs; repairs that restore the structural integrity of the building or fortify the foundation; and beautification repairs that improve the quality of the neighborhood, such as exterior painting. Repairs that are not eligible include cosmetic improvements, such as new curtains/furniture, wallpaper/carpeting, and detailed paint-work, and the addition of leisure equipment, such as a swimming pool or a patio.

Loans may be deferred at three percent interest, but are not to exceed \$15,000. Grants of \$5,000 are available in the case of an emergency.

NEWPORT BEACH

There are currently no homeownership programs offered by the city of Newport Beach.

See Orange County for other homeownership programs that may apply in this city.

ORANGE COUNTY

*Housing and Community Development Department
1770 N. Broadway
Santa Ana, CA 92706
www.ochousing.org*

Mortgage Credit Certificates

A mortgage credit certificate entitles its holder to a reduction in the amount of federal income taxes

owed every year for the life of the mortgage. For more information and application requirements contact Maria Cabrera (714) 480-2791, or call (714) 480-2900 for recorded information.

The MCC tax credit is equal to 15 percent of the mortgage interest paid each year and is deducted from the amount of federal income taxes owed by the homebuyer. By adjusting the amount of tax that is withheld from the monthly payments, homebuyers can increase their monthly take-home pay and effectively lower the amount they are spending on their mortgages.

To be eligible, the buyer's income may not exceed 120 percent of the area median income, as determined by HUD, and adjusted in amount according to household size. In addition, the purchase price of the property can not exceed \$229,883 for a new home, or \$204,937 for an existing home. The buyer must also be a first-time homebuyer who has not owned a home in the past three years. The MCC program must be used with a new 30-year fixed rate mortgage issued by a participating lender.

Cities that participate in this program include: Anaheim, Brea, Buena Park, Costa Mesa, Cypress, Dana Point, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Irvine, La Habra, La Palma, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, Los Alamitos, Mission Viejo, Orange, Placentia, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Santa Ana, Seal Beach, Stanton, Tustin, Westminster, Yorba Linda.

Residents of Buena Park, Garden Grove, La Habra, and Westminster do not need to obtain reservation letters. Instead, they may apply directly to Affordable Housing Applications at the address given above.

Mortgage Revenue Bonds

Mortgage revenue bonds provide 30-year mortgage funds at below-market interest rates. They are issued by

the Southern California Home Financing Authority (SCHFA) and are made through participating lenders. Contact Richard Mendoza at the County Executive Office of Public Finance (714) 834-3047, or to obtain information write:

*County of Orange, County Executive Office
10 Civic Center Plaza, 3rd Floor
Santa Ana, CA 92701-4062*

To be eligible for the MRB program, the buyer's income may not exceed 120 percent of the area median income, as determined by HUD, and adjusted in amount according to household size. The buyer must be a first-time homebuyer who has not owned a home in the past three years, and intends to occupy the property as their principal residence.

The low-interest rate option is 6.4 percent. The rebate option is 7.05 percent, and equals 3.5 percent of the loan, which is spent on closing-costs.

Mortgage Assistance Program (MAP)

This program is designed to help first-time low- and moderate-income homebuyers qualify for home mortgages. For more information contact Maria Cabrera (714) 480-2791.

To be eligible, the borrower must be a first-time homebuyer, whose household income does not exceed 100 percent of the median income for Orange County. The borrower must contribute a minimum of three percent of the down-payment and closing-cost, and must be approved for a 30-year, fixed rate loan by a mortgage lender.





Homes that are eligible include those located in the Orange County unincorporated target areas: Midway City, Inter-Canyons, Anaheim Island, SW Anaheim, Sherwood Forest, West Anaheim, El Modena/NE El Modena, Colonia Independencia, Rustic Lane, Mac Island, Olive Heights, and Back Bay.

The MAP loan will be a deferred payment loan with an interest rate of zero percent if the household income is below 60 percent of the area median income; three percent interest rate if the household income is between 61-80 percent; and five percent interest rate if the household income is 81-100 percent of the area median income.

Payments on the loan may be deferred for the first five years, during which time interest will not accrue.

Payments are promptly due if the property is sold, transferred, or refinanced during the first five years of the term. Only interest payments are required during years six to 15, and the loan is forgiven in the fifteenth year if the property remains the borrower's principal residence. The maximum loan amount is \$20,500 for existing homes, and \$23,000 or 10 percent of the purchase price (whichever is lesser) for new homes.

Income limits are as follows:

Household size maximum income

1	\$48,700
2	\$55,700
3	\$62,600
4	\$69,600
5	\$75,200
6	\$80,700
7	\$86,300
8	\$91,900

Extra Credit Teacher Home Purchase Program

Under this program, full-time credentialed teachers, assistant principals and principals, who commit to serve

in a designated low performing school for five years, may qualify for reduced interest rate loans. A designated school is one that ranks in the bottom 30 percent of the Academic Performance Index (API). For a list of schools and further information, visit <http://www.treasurer.ca.gov/CSFA/ExtraCredit/ExtraCredit.htm>.

To be eligible, the buyer's income may not exceed \$71,665 with a household size of one or two, and \$82,414 with a household size of three or more. In addition, the purchase price of the property may not exceed \$338,103 for a new home, or \$250,974 for an existing home.

The homebuyer may receive \$7,500 in down payment assistance that can be used for non-recurring closing costs. The interest rate is a 30-year fixed rate at 7.2 percent, with the first year one percent mortgage rate buy-down to 6.20 percent.

This is a first-come first served program.

For more information contact Maria Cabrera (714) 480-2791.

ORANGE

*Economic Development Department
230 East Chapman
Orange, CA 92866
(714) 288-2580*

Mortgage Credit Certificates

The MCC program increases the loan amount for which borrowers qualify, increasing their take-home pay. In addition, this program reduces the amount of federal income tax paid, thus increasing the buyers' net earnings, and thereby increasing the buyers' ability to qualify for mortgage loans. The MCC program gives homebuyers a federal tax credit of 15 percent of annual mortgage interest paid.

To be eligible, the buyer may not have owned a home in the past three years, the property must be within the

city limits of Orange, and the buyer's income may not exceed 80 percent of the area median income corresponding to the size of the household.

The price limitations on the properties are as follows: \$204,937 on a resale and \$229,883 on a new home.

Contact the Housing Manager of the Housing Department (714) 744-7214 for more information regarding this program.

Mortgage Revenue Bonds

See Orange County for program description.

Home Improvement/Rehabilitation Programs

Loans to homeowners for home improvements and rehabilitation.

To be eligible, the maximum household income is not to exceed 80 percent of the area median income.

The maximum loan amount is \$35,000, with two to six percent interest rate, depending on income. The loan is amortized over 15 years. Deferred loans are due upon sale or transfer of property. The maximum term length is 15 years.

Homeowner Rebate Program

Grants for minor improvements to single-family and mobile homes.

To be eligible, the owner's income is not to exceed 80 percent of the area median income.

The maximum grant amount is the lesser of \$2,000 or 50 percent of the project cost.

First-Time Homebuyer Program

Provides five percent of the purchase price and closing-costs to first-time homebuyers.

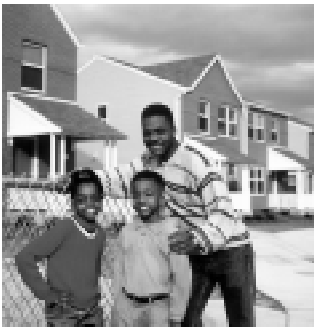
To be eligible, the buyer must have good credit history, and may not have owned a home in the past five years. In addition, applicants must apply and be approved.

The maximum loan amount is the lesser of \$22,500 or 10 percent of the purchase price at five percent interest rate. The first five years of interest are forgiven in year six. If the property is sold, transferred, or

refinanced before the sixth year, then the interest from the previous years is due. Payments are due on years six through 15. The borrower shares a portion of the equity if the home is sold, transferred, or refinanced in years one through ten. The loan is not assumable.

PLACENTIA

*Raynald F. Pascua, Senior Planner
Development Services
401 East Chapman Ave.
Placentia, CA 92870
(714) 993-8124*



Mortgage Credit Certificates

Contact the county (714) 480-2900 to obtain a reservation letter for the MCC program.

Mortgage Revenue Bonds

See Orange County for program description.

First-time Homebuyers Program

This program provides down-payment assistance to first-time homebuyers purchasing qualifying properties, and is funded by the Placentia Redevelopment Agency's Low and Moderate Income Housing Fund.

To be eligible, the applicant's total combined gross household income can not exceed 100 percent of the area median income for Orange County. The applicant must be a first-time homebuyer, and may not have owned a home in the past three years. The household must have sufficient assets to provide a minimum down-payment of five percent of the purchase price plus closing-costs. The applicant must intend to occupy the home as a principal residence. Properties that are eligible for purchase include single-family detached homes, condominiums, and townhouse in the city of Placentia. Participating homebuyers must qualify for a fixed-rate level-payment first-mortgage loan from a private lender.

Homebuyers will receive an agency loan evidenced by



a promissory note and secured by a second deed of trust. The principal amount of the agency loan will accrue non-compounding simple interest at three percent yearly. Principal and interest payments are deferred for 30 years. Payments are due if the property is sold, transferred, or refinanced before the 30-year term ends.

RANCHO SANTA MARGARITA

Kathleen Recker, Planning
30211 Avenida de las Banderas, Suite 101
Rancho Santa Margarita, CA 92699
(949)635-1800

Mortgage Credit Certificates

Contact the county (714) 480-2900 to obtain a reservation letter for the MCC program.

Mortgage Revenue Bonds

See Orange County for program description.

SAN CLEMENTE

Mortgage Credit Certificates

Contact the county (714) 480-2900 to obtain a reservation letter for the MCC program.

Mortgage Revenue Bonds

See Orange County for program description.

SAN JUAN CAPISTRANO

Mortgage Credit Certificates

Contact the County (714) 480-2900 to obtain a reservation letter for the MCC program.

Mortgage Revenue Bonds

See Orange County for program description.

Mobile Home Improvement Program

This program offers zero percent interest deferred payment loans up to \$10,000 for low-income mobile homeowners to make health and safety repairs.

The loan is secured as a lien against the mobile home, and is repaid when the unit is sold, transferred, or the owner no longer lives in the unit.

To be eligible, the unit must be located in the city of San Juan Capistrano, and the owner must occupy the unit as a principal residence. The owner may not have received a previous loan or grant from the city, the repairs must qualify as health and safety repairs, and the owner must meet maximum-income requirements.

Owner-Occupied Housing Rehabilitation Loan Program

This program offers zero percent interest deferred-payment loans of up to \$15,000 to low-income single-families to help cover the cost of housing rehabilitation.

This program provides \$15,000 to single-family units, townhouses, and condominiums, and \$10,000 to mobile homeowners. The loan is secured as a lien against the property, and repayment is due when the property is sold, transferred, or the owner no longer lives there.

To be eligible, the unit must be owner-occupied in the city of San Juan Capistrano. The owner may not have received a previous grant or loan from the city, and the repairs must qualify as health and safety repairs. In addition, the owner must meet maximum income requirements.

First-time Homebuyer Program

The city offers up to \$30,000 of assistance for the down-payment and closing-costs of a property purchased by a low-income first-time homebuyer.

To be eligible, the buyer may not have owned a residential property in the past three years, and must contribute at least three percent of the purchase price. The buyer must have credit that qualifies for a loan from a bank or a lending institution. The property must be a single-family house or condominium with a purchase price of \$219,869 or less, and the members



of the household must have lived together for the past 12 consecutive months. The buyer must also meet maximum-income requirements.

The city assistance loan is a second trust deed, subordinate to the first mortgage, at three percent simple annual interest. The city loan may be deferred until the property is sold, transferred, or refinanced; or until the owner withdraws equity from the property, no longer lives in the property, or meets the full payment of the first mortgage. The interest rate only becomes zero percent after 10 years of compliance. The loan is neither transferable nor assumable.

Rental Assistance

This program is designed to provide second deposits and/or rental payments to very low-income households for two years, in the hopes that they will become self-sufficient by the end of the two years.

To be eligible, the tenant may not have ownership interests in a residential property. The tenant must have short- and long-term goals of self-sufficiency, and must participate in monthly tenant education classes and be willing to do volunteer work. The tenant must be willing to be subject to monthly inspections by the city officer, background checks, and maximum-occupancy restrictions. The tenant must also be gainfully employed, and be able to pay their own rent at the end of the two-year program.

Little Hollywood Rental Housing

The city offers affordable two to three bedroom housing units to low-income households. For information or to be added to the waiting list, contact Diane Regier (949) 443-6304.

SANTA ANA

Community Development Agency
Housing Department
20 Civic Center Plaza, M-26
P.O. Box 1988, M-27
Santa Ana, CA 92702
(714) 667-2250

Mortgage Credit Certificates

Contact Claudia Shaw (714) 667-2244 to obtain a reservation letter for the MCC program.

Mortgage Revenue Bonds

See Orange County for program description.

Home Improvement/Rehabilitation Loans

City loans up to \$30,000 at three to six percent depending on income level. If the homeowner is under fifty percent median income, payments can be deferred. The case is reviewed annually, and the loan begins to amortize when the family's income allows. If the homeowner is disabled, the loan gets reviewed every five years. For buyers between fifty and one hundred twenty percent, the loan is amortized over 15 years. Funds must be used to take care of code issues before cosmetic items can be completed. And certain things, such as pools, are not allowed. Loan (with other outstanding debt on the property) cannot exceed ninety percent of value. The maximum term length is 15 years. To be eligible, household income may not exceed 120 percent of the area median income, and the owner must have sufficient equity to cover 10 percent of the rehabilitated property value.

Mobile Home Hardship Loans

This program is designed to provide loans to very low-income elderly or disabled mobile homeowners for home improvements.

To be eligible, the owner's income may not exceed 50 percent of the area median income. In addition, the owner must be at least 62 years old, or have a long-term physical or mental disability.

The maximum loan amount is \$5,000, forgiven after five years if the borrower still owns the unit.

SEAL BEACH

There are currently no homeownership programs offered by the city of Seal Beach.

See Orange County for other homeownership programs that may apply in this city.

STANTON

*Department of Community Development
7800 Katella Ave.
Stanton, CA 90680-3162
(714) 379-9222*

Mortgage Credit Certificates

Contact Kevin Fincher (714) 480-2881 to obtain a reservation letter for the MCC program.

Mortgage Revenue Bonds

See Orange County for program description.

Mortgage Assistance Program

This program is designed to help first-time homebuyers meet the financial criteria for homeownership. Preference is given to unincorporated targeted areas. See Orange County for program description.



TUSTIN

*Raymond Navera
Jim Draughton
Tustin Redevelopment Agency
300 Centennial Way
Tustin, CA 92780
(714) 573-3176*

Mortgage Revenue Bonds

See Orange County for program description.

First-time Homebuyer Program

This program is designed to provide first-time homebuyers with the financial assistance necessary for homeownership.

To be eligible, the buyer must be a first-time homebuyer who has not owned a home in the last three years,

unless the buyer qualifies as a displaced homemaker. The property must be occupied as the buyer's principal residence, and the buyer must have sufficient assets to provide a down-payment equal to at least three percent of the purchase price. The buyer must also have a household income in accordance with the median income for Orange County, as adjusted for household size. If the buyer's annual income is between 70-80 percent of the median income, monthly housing-cost expenses must be less than 28 percent or greater than 35 percent of the buyer's gross income. If the buyer's income is less than 70 percent of the median income, then they must prove that monthly housing costs will not be greater than 30 percent of the buyer's gross income.

This loan is in the form of a deferred/amortized equity participation mortgage. Payments are deferred for the first five years, and fully amortized for years six to 30. The program will provide 20 percent of the purchase price up to \$30,000. The maximum term length is 30 years.

VILLA PARK

There are currently no homeownership programs offered by the city of Villa Park.

See Orange County for other homeownership programs that may apply in this city.

WESTMINSTER

*Community Development Agency - Grants & Housing
8200 Westminster Blvd.
Westminster, CA 92683
(714) 898-6101*

Mortgage Credit Certificates

Contact Bill Hunt with Affordable Housing Applications (800) 591-3111, for more information on the MCC program.

Mortgage Revenue Bonds

See Orange County for program description.

Down-payment/Closing-cost Assistance

This program is designed to assist with down-payment or closing-costs for first-time homebuyers.

To be eligible, the buyer's income may not exceed 80 percent of the area median income. The buyer must also contribute five percent of the purchase price.

The maximum loan amount is \$40,000 at zero percent interest rate. Payments can be deferred for 10 years. In the eleventh year, payments are made until the loan is paid off. The purchase price can not exceed \$219,849 for a single-family home, \$237,000 for a multi-family home.

Housing Rehabilitation Program

This program provides loans and grants to owners of mobile or single-family homes for rehabilitation costs.

To be eligible, the owner's income may not exceed 80 percent of the area median income. The owner must also have sufficient equity (at least 30 percent or more) to cover the amount of the loan. In addition, the owner must occupy the property as a principal residence.

The maximum loan amount is \$25,000 at zero percent interest rate if the owner's income is below 60 percent of the area median income, and six percent interest rate if the owner's income is between 60-80 percent of the area median income. zero percent interest rate loans may be deferred until the property is sold or transferred. six percent interest rate loans are amortized for up to 15 years. The maximum-term length is 15 years.

Mobile Home Grants

Grants of \$3,000 are awarded to mobile homeowners for repairs.

YORBA LINDA

Patricia M. Haley
Community Development Department
City of Yorba Linda, P.O. Box 87014
Yorba Linda, CA 92885-8714



Mortgage Credit Certificate

Mortgage Credit Certificates provide a federal tax credit of 15 percent of the annual mortgage interest paid. This increases the buyer's net earnings, thus increasing take-home pay and increasing the ability to qualify for, and the amount of, mortgage loans.

To be eligible, the property must be a single-family attached or detached home, condominium, or townhouse within the city of Yorba Linda. In addition, the buyer's income may not exceed 80 percent of the area median income, and the owner must have owned a home in the past three years. The buyer must occupy the property as a principal residence within 60 days after the MCC has been issued. Furthermore, the purchase price of the house may not exceed \$229,883 for a new unit or \$204,937 for a resale unit.

Buyers will not be eligible for an MCC until they have received a reservation letter from the county. Contact the county (714) 480-2900 to obtain a reservation letter.

Mortgage Revenue Bonds

See Orange County for program description. There are currently no funds for this program.

Mortgage Assistance Program (MAP)

This program is designed to help low- and moderate-income, first-time homebuyers purchase a home by providing a "silent second" mortgage loan.

Properties that are eligible for this program include any single-family detached home, attached or detached townhouse, or condominium unit within the city of Yorba Linda.

To be eligible, the buyer's income may not exceed 120 percent of the area median income, adjusted for

family size. The buyer may not have owned a home in the past three years, unless the buyer is a displaced homemaker, a single parent with joint or full custody of minors, or has been displaced by a redevelopment project and has not yet been relocated. The buyer must also occupy the property as a principal residence, and a participating lender must approve the loan. The buyer must make a minimum contribution of five percent. Furthermore, the buyer may not have liquid assets that exceed the buyer's portion of the down-payment, closing-costs, six month reserves for mortgage payments, plus \$5,000 in emergency funds. The maximum loan amount is the lesser of \$25,000 or 10 percent of the purchase price. The issuance of a first-mortgage loan for the home must be made by a participating lender, and the buyer must put down at least five percent of their own funds. The MAP is a second mortgage on the home. The buyer thus borrows the MAP amount from the agency in addition to the first mortgage loan amount. If the buyer owns and lives in the home for at least 15 years, the MAP loan will be forgiven, and no payments will be required. If the owner sells, refinances, or transfers the property in years one to 15, 100 percent of the MAP loan must be repaid, plus an equity shared percentage based on a sliding scale.



GLOSSARY

Acquisition Cost: the price, including all fees, required to purchase a real estate.

Adjustable Rate Mortgage (ARM): A mortgage loan that allows interest-rate changes at specific intervals during the loan's maturity.

Affordable: A term used in homebuyer programs indicating that only a certain fraction of the homebuyer's income will go toward the monthly mortgage payments; the percentage varies with the respective program.

Affordable Housing: A term used by public and private sector programs designed to assist low- to moderate-income homebuyers with their purchase; these programs usually offer lower down-payments, modified qualifying restrictions, and below-market interest rates.

Amortize: The gradual repayment of a mortgage by installments, calculated to pay off the obligation at the end of a fixed period of time; non-amortized loans are those in which only interest is paid and the principal is not reduced.

Appraisal: A professional opinion or estimate of the market value of a property.

Area Median Income (AMI): These figures are determined by yearly surveys conducted by the U.S. Department of Housing and Urban Development (HUD).

California Debt Limit Allocation Committee (CDLAC): With respect to single-family housing programs, the CDLAC allocates funds to those agencies and organizations that are authorized to issue tax-exempt mortgage revenue bonds or mortgage credit certificates; these agencies and organizations then issue bonds to fund mortgages for homebuyers and/or issue MCCs to individual homebuyers. See Mortgage Revenue Bond and Mortgage Credit Certificate.

California Home Financing Agency (CHFA):

Provides below-market interest rate financing of affordable single-family and multifamily housing.

California Housing Loan Insurance Fund

(CHLIF): *Provides mortgage insurance for 97 percent loan-to-value first trust deed loans. Contact California Home Financing Agency for more information.*

Census Tract: *Mapped geographical area for which demographic information is available which is then used to estimate consumer and market behavior.*

Closing: *The process by which the sale of a property is finalized by delivery of a deed from the seller to the buyer, and by the buyers' signing the mortgage documents and paying closing-costs; sometimes called "settlement". This process can occur in one meeting or step-by-step as documents and funds are delivered to an escrow company.*

Closing-costs: *Paid before escrow closing, these are various fees and expenses payable to the buyer and seller ranging from three to six percent of the purchase sale price; such fees include but are not limited to broker commissions, lender discount points, title insurance premium, deed recording fees, loan repayment penalty, inspection and appraisal fees, and attorney's fees.*

Community Development Block Grants

(CDBG): *Funds provided to entitlement cities, urban counties, and states for community- and economic-development activities; the aim of the CDBG program is to advance HUD's Strategic Plan. For details, visit www.hud.gov.*

Debt Ratio: *The relationship between debts and income; a "front-end" ratio refers to the relationship between housing payment and income; a "back end" ratio refers to the relationship between total debts and income.*

Deferred Payment: *Loans to be paid at a later date.*

Deferred Payment Second Mortgage Loan:

A non-amortizing loan, usually at zero percent interest, on which no repayments are due until sale or some other point in the future. They are usually made by a public or nonprofit agency to a lower-income homebuyer or a developer of low-income housing. Sometimes called a "deferred payment loan," a "DPL" or soft second mortgage.

Displaced Homemaker: An adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive 12-month period, and who has been unemployed or under-employed, experienced difficulty in obtaining or upgrading employment, and who worked primarily without remuneration to take care of his/her home and family.

Down-payment: The part of the purchase price that the buyer pays in cash and does not finance with a mortgage.

Equity: The difference between the value of a property, often determined by an appraisal, and the total of all debt secured against the property. For example, if a homeowner owns a home worth \$100,000 and has a loan on the property for \$80,000, then they have \$20,000 in equity.

Escrow: An agreement between concerned parties that an impartial third party will handle instruments, funds, and documents for safekeeping until the close of escrow, e.g. when all documents are signed and recorded and the loan is funded.

Federal Housing Administration (FHA): An agency within HUD that administers loan guarantees, loan insurance, and other programs that further housing availability.

Fixed Rate: A loan that features a constant interest rate for the term of the loan; this allows for the same monthly payment for the term of the loan also.

Forgivable Loan: A loan that requires no monthly payments, which is due only on resale, and for which

the debt is forgiven over a certain period of years. This mechanism is used by nonprofit or governmental organizations to subsidize low-income homebuyers and to recapture some or all of the subsidy if the home is resold within a certain period of time, usually between five and 15 years.

Grant: A money gift to help close escrow; though sometimes carrying attached conditions, grants usually do not require repayment, recorded deeds, or liens to secure it.

Household: The total number of people living in a home, whether named or unnamed in the mortgage documents.

Interest: The fee charged for borrowing money.

Interest Rate: The lender's charge for lending the money; the interest is expressed as a percentage of a sum of money.

Lender: The entity that loans the funds towards the purchase of a home.

Lien: A legal claim against a property that must be paid off when the property is sold.

Loan-to-Value Ratio (LTV): Fraction of the amount borrowed relative to the cost or value of the purchased property.

Mortgage: A legal document that pledges a property to the lender as security for payment of a debt.

Mortgage Credit Certificate (MCC): A document allowing the homebuyer to take a special tax credit on the IRS Form 1040 which lowers the person's taxes by a percentage of the mortgage interest paid each year.

Mortgage Insurance (MI): guarantees the repayment of a mortgage loan to protect the lender in the event of default that usually covers 25 percent of the amount of the loan.

Mortgage Revenue Bond (MRB): A government agency sells bonds and uses the sale proceeds to provide below-market-rate first mortgages to first-time homebuyers.

Origination Fee: Charges that a borrower pays to cover the costs of insuring the loan, e.g. credit checks, appraisal, and title expenses.

Planned Unit Development (PUD): A zoning classification allowing flexibility in subdivision construction; generally, a density limit for the entire subdivision is established which allows open spaces by clustering dwelling areas.

Principal: The amount borrowed or remaining unpaid; also, that part of the monthly payment that reduces the outstanding balance of a mortgage.

Private Mortgage Insurance (PMI): Default insurance provided by private insurance companies.

Recapture Tax: A possible tax on the sale of homes purchased with the help of a mortgage credit certificate (MCC) or mortgage revenue bond (MRB) loans.

Rehabilitate: To restore a structure to good condition.

Sales Price: The amount of money required to pay or paid to a seller for real estate according to a contract.

Second Mortgage: A subordinated lien over the first mortgage that allows for a smaller down-payment at purchase or in refinancing.

Silent Second Loan: Provides the difference between the home costs and what the buyer can afford; silent second loans do not have monthly payments during the initial years. Secured by a Deed of Trust.

Single-family: A term used to refer to a dwelling with a single household that owns and lives in the dwelling. The dwelling may be attached as in condominiums or detached as in free-standing homes.

Subordinate Mortgage: A mortgage lower in priority than another mortgage; in the event of foreclosure, the subordinate mortgage has a claim after the mortgage with priority has been satisfied.

Targeted Census Tract: *Census tracts identified every 10 years by the Census Bureau that are federally targeted for special assistance to further community development and revitalization.*

Unincorporated Areas of Orange County:
Anaheim Island, Back Bay, Colonia, Cypress, El Modena, Northeast El Modena, Inner Canyons, Mac Island, Midway City, Olive Heights, Rustic Lane, Sherwood Forest, Southwest Anaheim, West Anaheim.

INCOME CHART**

U.S. Department of Housing and Urban
Development Income Guidelines for Orange
County*.

No. in House- hold	Very Low Income 50 percent	Lower Income 80 percent	Median Income 100 percent	Moderate Income 120 percent
1	\$24,350	\$35,150	\$48,700	\$58,400
2	\$27,850	\$40,150	\$55,700	\$66,840
3	\$31,300	\$45,200	\$62,600	\$75,120
4	\$34,800	\$50,200	\$69,600	\$83,520
5	\$37,600	\$54,200	\$75,200	\$90,240
6	\$40,350	\$58,250	\$80,700	\$96,840
7	\$43,150	\$62,250	\$86,300	\$103,560
8	\$45,950	\$66,250	\$91,900	\$110,280

**Figures change yearly.*

***Please note that program changes may have occurred in each city since the time of publication.*

Photos courtesy of:

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Janice Rettaliata

Bill Denison

Camilo Jose Vergara